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13 UNITED STATES DISTRICT COURT
14
15 NORTHERN DISTRICT OF CALIFORNIA

16 CITY OF WESTLAND POLICE AND FIRE)	No. C 07-05111-JSW
RETIREMENT SYSTEM and PLYMOUTH)	
17 COUNTY RETIREMENT SYSTEM, On	)	<u>CLASS ACTION</u>
Behalf of Themselves and All Others Similarly)	
Situated,	)	[PROPOSED] ORDER DENYING
	)	DEFENDANTS' SUPERSEDING MOTION
Plaintiff,	)	TO DISMISS THE [CORRECTED]
	)	CONSOLIDATED CLASS ACTION
vs.	)	COMPLAINT
)	
20 SONIC SOLUTIONS, et al.,	)	DATE: September 5, 2008
	)	TIME: 9:00 a.m.
21 Defendants.	)	COURTROOM: The Honorable
	)	Jeffrey S. White

22 _____

1 Defendants Sonic Solutions (“Sonic” or the “Company”), David C. Habiger, Robert J. Doris,
2 A. Clay Leighton, Mary C. Sauer, Mark Ely, Robert M. Greber, Peter J. Marguglio and R. Warren
3 Langley’s Superseding Motion to Dismiss the [Corrected] Consolidated Class Action Complaint
4 pursuant to Rule 12(b)(6) of the Federal Rules of Civil Procedure came on for hearing on September
5 5, 2008, at 9:00 a.m. in this Court. Counsel for plaintiffs and defendants were in attendance and
6 presented oral arguments. Having considered the parties’ papers filed in support of and in
7 opposition to the motion, oral argument, and other pleadings and papers on file herein, the Court
8 finds the following:

9 1. With respect to the first cause of action for violation of §10(b) of the Securities
10 Exchange Act of 1934 (the “Exchange Act”), defendants’ motion is denied. The Court finds that
11 plaintiffs have sufficiently pled facts giving rise to a “cogent and compelling” inference of scienter
12 on the part of each individual defendant, as required by *Tellabs, Inc. v. Makor Issues & Rights, Ltd.*,
13 127 S. Ct. 2499, 2510 (2007). The Court finds that the scienter of the individual defendants is
14 imputed to the Company. *See In re Hienergy Techs., Inc. Sec. Litig.*, No.
15 SACV04-1226DOC(JTLX), 2005 WL 3071250, at * 8 (C.D. Cal. Oct. 25, 2005). The Court also
16 finds that the complaint adequately alleges that each defendant made or participated in the
17 preparation of the challenged statements. Finally, the Court finds that the complaint has sufficiently
18 alleged that all defendants participated in a scheme to defraud in violation of Rule 10b-5(a) and (c).

19 2. With respect to the second cause of action for violation of §14(a), defendants’ motion
20 is denied as to the Company’s 2005 Proxy Statement. Plaintiffs’ claim is timely as to the
21 Company’s 2005 Proxy Statement. Plaintiffs have also adequately alleged the 2005 Proxy Statement
22 contained a material misrepresentation, which was a direct link to the transaction voted on in the
23 proxy statement (namely the re-election of the board of directors and their continuation of the option
24 backdating) and that plaintiffs and the class were damaged. *See In re Zoran Derivative Litig.*, 511 F.
25 Supp. 2d 986 (N.D. Cal. 2007).

26 3. With respect to the third cause of action for violation of §20(a) of the Exchange Act,
27 defendants’ motion is denied with respect to each individual defendant. The complaint alleges a
28

1 predicate violation of the securities law (namely a predicate violation by the Company of §10(b))
2 and that each individual defendant by virtue of their positions at the Company is a control person.

3 4. With respect to the fourth cause of action for violation of §20A of the Exchange Act,
4 defendants' motion is denied. The Complaint alleges a predicate violation of the federal securities
5 law (namely a predicate violation of §10(b)). In addition, plaintiffs have alleged that they (as well as
6 numerous class members) purchased Sonic securities contemporaneously with the sales of
7 defendants Robert J. Doris, Mary C. Sauer, Mark Ely, A. Clay Leighton, Peter J. Marguglio, R.
8 Warren Langley and Robert M. Greber. This is sufficient to allege a §20A violation as to each such
9 defendant. *See Middlesex Ret. Sys. v. Quest Software Inc.*, 527 F. Supp. 2d 1164 (C.D. Cal. 2007).

10 **IT IS THEREFORE ORDERED** that defendants' motion to dismiss is denied.

11 * * *

12 **ORDER**

13 IT IS SO ORDERED.

14 DATED: _____

THE HONORABLE JEFFREY S. WHITE
UNITED STATES DISTRICT JUDGE

15
16 Submitted by:

17 DATED: July 18, 2008

18 COUGHLIN STOIA GELLER
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21
22 _____/s/
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CERTIFICATE OF SERVICE

I hereby certify that on July 18, 2008, I electronically filed the foregoing with the Clerk of the Court using the CM/ECF system which will send notification of such filing to the e-mail addresses denoted on the attached Electronic Mail Notice List, and I hereby certify that I have mailed the foregoing document or paper via the United States Postal Service to the non-CM/ECF participants indicated on the attached Manual Notice List.

I certify under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on July 18, 2008.

s/ Shawn A. Williams

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Manual Notice List

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